

Message Text

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14

ACTION EB-07

INFO OCT-01 AF-08 ISO-00 L-03 FRB-03 OMB-01 ITC-01 SP-02

USIA-06 AGR-05 AID-05 CIAE-00 COME-00 INR-07 IO-13

LAB-04 NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00 CIEP-01

CEA-01 ARA-06 EA-07 EUR-12 NEA-10 SS-15 NSC-05 /130 W

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UNCTAD 093

E.O. 11652: N/A

TAGS: UNCTAD

SUBJECT: AGENDA ITEM 14 OF UNCTAD IV: ECONOMIC
COOPERATION AMONG DEVELOPING COUNTRIES

REF: STATE 123401

1. SUMMARY: UNCTAD NEGOTIATING GROUP IV REACHED AGREEMENT ON
A DRAFT RESOLUTION ON THE AGENDA ITEM DEALING WITH ECONOMIC
COOPERATION AMONG DEVELOPING COUNTRIES. U.S. JOINED GROUP B
IN AGREEING TO THE DRAFT RESOLUTION EXCEPT FOR TWO OPERATIVE
PARAGRAPHS WHERE THERE IS NO AGREEMENT BETWEEN GROUP B AND
GROUP OF 77. END SUMMARY.

2. AN AGREED GROUP B TEXT WAS PRESENTED TO THE GROUP OF 77
THIS WEEK AND AFTER 3 DAYS OF NEGOTIATIONS AGREEMENT WAS
REACHED BY ALL GROUPS IN MOST OPERATIVE PARAGRAPHS.

3. WE AGREED TO THE FIRST TWO INTRODUCTORY PARAGRAPHS OF THE
MANILA TEXT WITH SOME LANGUAGE CHANGE TO MAKE IT MORE
ACCEPTABLE TO US. GROUP D IS GOING TO PROPOSE SOME

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QUALIFICATIONS TO THE CONCEPT OF INTERDEPENDENCE WHICH HAVE

BEEN STRONGLY OPPOSED BY THE GROUP OF 77 SO FAR. PARAGRAPH 3(A) HAS BEEN CHANGED TO READ AS FOLLOWS:

"THE DEVELOPED COUNTRIES, BOTH THE DEVELOPED MARKET-ECONOMY COUNTRIES AND THE SOCIALIST COUNTRIES OF EASTERN EUROPE COMMIT THEMSELVES TO ABSTAIN AS APPROPRIATE FROM ADOPTING ANY KIND OF MEASURES OR ACTIONS WHICH COULD ADVERSELY AFFECT THE DECISIONS.."

4. OUR PROTECTION IN THIS PARAGRAPH IS THE PHRASE "AS APPROPRIATE". IT WAS MADE CLEAR TO THE 77 THAT IT MEANT THAT WE WOULD ABSTAIN FROM ACTIONS AS LONG AS THESE ACTIONS WERE NOT REQUIRED IN THE NORMAL OPERATION OF OUR ECONOMIC AFFAIRS, BOTH IN THE PUBLIC AND PRIVATE SECTORS, AND AS LONG AS THE LDC DECISIONS ARE CONSISTENT WITH ACCEPTED INTERNATIONAL PRACTICES.

5. PARAGRAPH 3B READS NOW AS FOLLOWS: "THE DEVELOPED COUNTRIES AGREE TO SUPPORT, AND FACILITATE THE IMPLEMENTATION OF LEGITIMATE DECISIONS TAKEN BY DEVELOPING COUNTRIES IN ORDER TO INSURE THE FULFILLMENT OF A PROGRAMME...." THE ACCEPTANCE OF THE WORD LEGITIMATE IS SIGNIFICANT FOR GROUP B SINCE IT MADE CLEAR THAT OUR SUPPORT IS FOR REASONABLE, NON-DISCRIMINATORY DECISIONS OF THE GROUP OF 77 WHICH WOULD NOT BE DIRECTLY AGAINST OUR OWN INTERESTS AND CONSISTENT WITH PREVIOUS INTERNATIONAL OBLIGATIONS. THE WORD LEGITIMATE COVERS POINTS (I) THROUGH (VI) OF 3-B. WITH THIS CHAPEAU WE AGREED TO THE LANGUAGE OF PARAGRAPH 3B(I) AND TO 3B(II) WITH SOME MODIFICATIONS. THE MANILA LANGUAGE OF PARAGRAPHS 3B(III), 3B(V) AND 3B(VI) WERE ALSO ACCEPTED BY US.

6. WE DID NOT ACCEPT THE MANILA LANGUAGE OF PARAGRAPH 3B(IV) WE AGREED TO LANGUAGE SAYING THAT DEVELOPED COUNTRIES IN SUPPORTING LEGITIMATE ECONOMIC COOPERATION PROGRAMS, AMONG DEVELOPING COUNTRIES WOULD CONSIDER MEASURES TO REDUCE FURTHER THE INTEREST COST OF LOANS TO RECIPIENT DEVELOPING COUNTRIES.

7. CONCERNING SUPPORT FOR PREFERENTIAL TRADE ARRANGEMENTS AMONG DEVELOPING COUNTRIES WE MADE CLEAR, AS REQUESTED BY WASHINGTON - STATE 123411, THAT GROUP B SUPPORTS TRADE PREFERENCE LIMITED OFFICIAL USE

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ARRANGEMENTS AMONG DEVELOPING COUNTRIES BASED ON PRINCIPLES OF EFFICIENCY AND LIBERALIZATION WITH THE GOAL OF TRADE EXPANSION AS AN IMPORTANT OBJECTIVE AND WHICH ARE CONSISTENT WITH EXISTING INTERNATIONAL TRADE ARRANGEMENTS. LANGUAGE TO THIS EFFECT WILL APPEAR IN THE CONFERENCE REPORT.

8. THE TWO OPERATIVE PARAGRAPHS WHERE WE HAVE NOT REACHED AGREEMENTS ARE THOSE CONCERNING ACCESS TO CAPITAL MARKETS AND

ESTABLISHMENT AND EXPANSION OF EXPORT CREDIT FINANCING FACILITIES. CONCERNING ACCESS TO CAPITAL MARKETS GROUP B IS INSISTING THAT, IN AGREEING TO ADOPT ACTIONS TO INCREASE ACCESS TO CAPITAL MARKETS, THERE SHOULD BE A QUALIFYING PHRASE SAYING "AS THE SITUATION IN EACH DEVELOPED MARKET ECONOMY COUNTRY PERMITS" TO PROTECT DEVELOPED COUNTRIES HAVING BALANCE OF PAYMENTS PROBLEM OR WHICH ARE NET CAPITAL IMPORTERS. THIS PHRASE HAS NOT BEEN ACCEPTED BY THE GROUP OF 77.

9. CONCERNING THE ESTABLISHMENT AND EXPANSION OF EXPORT CREDIT FINANCE AND GUARANTEE SCHEMES, GROUP B HAS PROPOSED LANGUAGE THAT ALLOWS FOR CONSIDERATION FOR SUCH FACILITIES, IF ON GOING STUDIES WARRANTED IT. AFTER CONSULTATIONS WITH OUR DELEGATION WE HAVE SUPPORTED GROUP B'S POSITION.

10. CONSENSUS WAS REACHED ON THE RECOMMENDATION THAT INTERNATIONAL FINANCIAL INSTITUTIONS SHOULD WITHIN THE FRAMEWORK OF THEIR STATUTORY PROVISIONS AND POTENTIAL TO EVOLVE FURTHER, GIVE THEIR STRONGEST SUPPORT TO THE PROGRAM OF ECONOMIC COOPERATION AMONG DEVELOPING COUNTRIES.

11. FINALLY, AGREEMENT WAS REACHED BY ALL GROUPS TO NEW WORDING STATING THAT: (A) UNCTAD SHOULD STRENGTHEN ITS CAPABILITY TO PROVIDE TECHNICAL ASSISTANCE IN THE FIELD OF ECONOMIC COOPERATION AMONG DEVELOPING COUNTRIES; (B) THE UN SYSTEM SHOULD DEVOTE A LARGER PROPORTION OF ITS TECHNICAL ASSISTANCE PROGRAM TO ECONOMIC COOPERATION PROJECTS AND (C) DONOR COUNTRIES SHOULD INCREASE THEIR VOLUNTARY CONTRIBUTIONS TO UNDP, INTER ALIA, WITH THE VIEW OF ENABLING IT TO MEET THE INCREASING TECHNICAL ASSISTANCE REQUIREMENTS OF DEVELOPING COUNTRIES IN THE FIELD OF ECONOMIC COOPERATION.

DECON 5/24/77.

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